LAW FOUNDATION OF NOVA SCOTIA

2009-2010
ANNUAL REPORT

REPORT FROM THE CHAIR

The Law Foundation's 2009 – 2010 fiscal year began and ended with the same challenge – declining revenue. With the prime rate of interest at a record low of 2.25% since April 2009, the Foundation saw revenue from interest on lawyers' trust accounts plummet to $331,560 for the year ended March 2010, down from $2 million in 2009 and $4 million in 2008.

Despite the devastating impact on revenue this year, the Foundation awarded twenty six grants totaling $1.6 million, a reduction in the overall grants budget of 16% from last year. No new grants were awarded but all continuing program grants have survived, although at reduced amounts. The Foundation was able to achieve this result by responding immediately to the revenue challenge in a variety of ways, including communicating with grantees, renegotiating bank agreements, carefully monitoring investments, and seeking advice on the Foundation's financial forecast over the next several years.

In April and June 2009, the Foundation sent letters to all grantees clearly explaining the relationship between the low prime rate and the Foundation's financial situation, and the impact this would have on funding levels for 2010 – 2011. Grantees were encouraged to explore with their boards ways in which their organizations might be able to reduce expenditures or otherwise seek out efficiencies. As a result, most grantees applied for less funding than they had received the previous year.

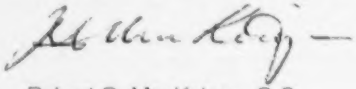
Asking grantees to accept less money was the first step. The second challenge was to ensure the Foundation was receiving as much revenue as possible from interest on lawyers' trust accounts. The Foundation negotiates interest rate arrangements with financial institutions where lawyers hold trust funds, and these arrangements are based upon the prime rate of interest. At the beginning of the year, three of the five largest banks in the province were paying no interest to the Foundation as a result of the drop in the prime rate to 2.25%. Negotiations resulted in new agreements that guaranteed floor rates of 25 – 30 basis points with most banks. Credit unions in the province have left their floor rate at 1%.

With advice regarding the Foundation's financial forecast, the board set a grants budget for 2010 – 2011 that is sustainable for the Foundation and that will provide stability for grantees. Overall reductions to grants have been kept to a minimum as a result of the board's decision to supplement trust account revenue with funds from the Foundation's Reserve Fund.

If interest rates begin to rise as predicted, our revenues will respond accordingly; in the meantime, we are confident that we are doing the best we can with the resources we have. The Foundation remains committed to supporting the outstanding grantees that are providing essential legal education and assistance programs across the province.

I want to take this opportunity to express my appreciation to staff and to members of the board for their generous contributions to the work of the Foundation, especially during these challenging times. I want to acknowledge in particular Christine McCulloch, who has been a member of the board since 2000, serving as chair from December 2003 until February 2010. The Foundation and its grantees are grateful beneficiaries of Chris' dedication, enthusiasm and leadership.

Respectfully submitted,



Robert G. MacKeigan, Q.C.
Chair

March 31, 2010

OVERVIEW OF THE FOUNDATION

The Law Foundation of Nova Scotia was established in 1976 by amendment to the Barristers'and Solicitors' Act (now The Legal Profession Act). Its central purpose is to receive and distribute interest earned on lawyers' pooled trust accounts in accordance with its mandate.

MANDATE

The objects of the Law Foundation are "to establish and maintain a fund to be used for the examination, research, revision and reform of and public access to the law, legal education, the administration of justice in the Province and other purposes incidental or conducive to or consequential upon the attainment of any such objects."

ADMINISTRATION

The Foundation is administered by a Board consisting of up to nine members. Up to five members are appointed by the Governor in Council and four by the Nova Scotia Barristers' Society. The members of the Board in 2009 – 2010 were:

Appointed by the Governor in Council:

Christine A. McCulloch, Q.C. *(term expired February 2010)*
Josh Arnold, Q.C. *(term expires January 2011)*
M. Estelle Theriault, Q.C. *(term expires May 2011)*
Anna Paton *(term expires April 2012)*

Appointed by the Council of the Nova Scotia Barristers' Society:

M. Gerard Tompkins, Q.C. *(term expires August 2011)*
Robert G. MacKeigan, Q.C. *(term expires August 2011)*
Margaret M. MacKenzie *(term expires August 2010)*
A. Robert Sampson, Q.C. *(term expires August 2010)*

Chair, appointed from the members of the board by the Governor in Council upon the joint recommendation of the Attorney General and the Nova Scotia Barristers' Society:

Christine A. McCulloch, Q.C. *(Appointment as Chair expired February 2010)*
Robert G. MacKeigan *(appointed as Chair in February 2010)*

The Board meets 4-5 times per year, and reviews grant applications at its winter meeting.

The Foundation employs two part-time staff members:

Kerry Oliver, Executive Director
Kathy Samson, Executive Assistant

REVENUE

The Law Foundation's ability to make grants depends on revenue generated primarily from interest on lawyers' pooled trust accounts. The Foundation keeps these funds invested until distribution. Trust account revenue fluctuates with the balances in the trust accounts and the prime rate of interest.

The prime rate remained at a record low of 2.25% from April 2009 – March 2010. Law Foundation revenue declined accordingly, from $2,022,317 in 2008 – 2009 to $331,560 in 2009 – 2010.

RESERVE FUND

Fluctuations in the Foundation's income are reflected in the amount of money paid out in grants. A severe decline in the prime rate could force the Board to reduce or terminate grants. Because of these fluctuations, the Foundation established a reserve fund in 1986 to be used to maintain regular grants in periods of low interest rates when current income is insufficient to fund these grants.

At the beginning of this fiscal year, the reserve fund had a total cost of $4,596,346 and a market value of $3,901,321. As of March 31, 2010, it had a total cost and market value of $4,456,798 and $4,810,962 respectively. There was an excess of revenue over expenditures totaling $910,401. The main reason for this excess was the unrealized gain on investments of $1,049,189, due to the rebound of the global market.Without this unrealized gain, there would have been a deficiency of revenue over expenditures totaling $138,788.

FUNDING GUIDELINES AND APPLICATION PROCEDURES

The Board strives to be accountable in the distribution of funds received by the Foundation from interest accruing on lawyers' pooled trust accounts. The Board endeavours to be transparent and consistent in its evaluation of applications. It takes into consideration where programs will operate and who will benefit from them, as well as whether they fit within the Foundation's mandate. Accountability extends to the careful assessment and consistent monitoring of programs that receive funding.

Information concerning the Foundation's funding guidelines and grant application procedure may be obtained by contacting the Executive Director, or by visiting the Foundation's website at www.nslawfd.ca.

GRANTS AND GRANTEE PROFILES

Since its creation in 1976, the Foundation has received approximately $36 million in revenue from interest on lawyers' trust accounts, and has awarded approximately $32.6 million in grants. More than $2.4 million has also been awarded in scholarships during the past 18 years. These grants and scholarships have promoted improvements in the law, excellence within the profession, and have helped more than 250 organizations make the law more understandable and accessible to the public.

The Foundation awarded grants totaling $1,595,192 in 2009 – 2010, including $1,571,955 in continuing program grants. The Foundation also awarded $23,237 in project funding for the third and final year of the "Bringing Restorative Justice to Schools" project.

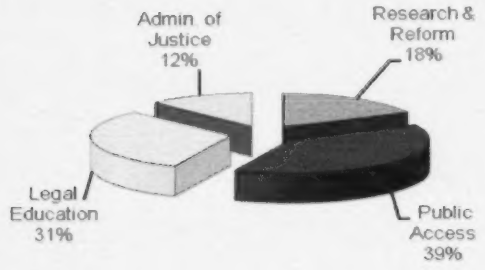
CONTINUING PROGRAM GRANTS ACCORDING TO MANDATE

Continuing program grants are categorized according to the Foundation's four mandated objectives. Activities of many of the funded organizations fall under more than one of the objectives.

Continuing Grants Approved in 2009-2010
Breakdown by Mandate

Research and Reform	276,696
Public Access to Law	610,749
Legal Education	493,735
Administration of Justice	190,775
Total	$1,571,955

Grants According to Mandate



LAW FOUNDATION SCHOLARSHIP FUND

The Foundation established a trust fund in 1981 with an initial grant of $200,000 to provide scholarships to students attending the Schulich School of Law at Dalhousie University. There have been several contributions by the Law Foundation to the fund over the years. The fund provides scholarships for students entering first year, renewable in second and third years. These undergraduate scholarships will increase from $13,000 to $16,000 for the academic year commencing September 2010. The fund also provides fellowships at the graduate level.

The 2009 – 2010 Law Foundation Scholarships included two entrance scholarships, and a total of six second-year and third-year scholarships. One graduate fellowship was awarded. Scholarship payments for the year amounted to $114,000.

GRANTS AWARDED IN 2009 – 2010

ANTIGONISH WOMEN'S RESOURCE CENTRE

$61,643 JUSTICE MATTERS FOR WOMEN
LUCILLE HARPER, EXECUTIVE DIRECTOR

A rural outreach program providing law-related information and support for women & adolescent girls in Canso, Guysborough, Sherbrooke, & Antigonish

AVALON SEXUAL ASSAULT CENTER

$94,311, PROGRAM ACTIVITIES 2010 – 2011
IRENE SMITH, EXECUTIVE DIRECTOR

Sexual assault legal education, advocacy, support services & policy development

CAPE BRETON TRANSITION HOUSE

$50,468 PREVENTIVE EDUCATION – DATE ABUSE & SPOUSAL ASSAULT
BEATRICE LEBLANC, EXECUTIVE DIRECTOR

Preventive education, predominantly school-based, regarding date abuse, sexual assault, cyber violence, & anger management; community education & services

CHRISTIAN COUNCIL FOR RECONCILIATION

$51,660 PROGRAM ACTIVITIES 2010 – 2011
PETER HOAR, EXECUTIVE DIRECTOR

Programming and support for prisoners and their families

COMMUNITY JUSTICE SOCIETY (HALIFAX)

$38,050 CRIME PREVENTION WORKSHOPS
YVONNE ATWELL, EXECUTIVE DIRECTOR

Legal & crime prevention educational programs, workshops & seminars for Restorative Justice Clients, schools, & community agencies

CONFEDERACY OF MAINLAND MI'KMAQ MI'KMAQ LEGAL SUPPORT NETWORK

$20,000 PROGRAM ACTIVITIES 2010 – 2011
PAULA MARSHALL, PROGRAM MANAGER

Culturally relevant programming to provide access to the law and support for Aboriginal people experiencing the justice system

COVERDALE COURTWORK SOCIETY

$75,000 PROGRAM ACTIVITIES 2010 – 2011
KATHLEEN JENNEX, EXECUTIVE DIRECTOR

Information & support for women in the criminal court process; counselling & support at parole hearings, & pre-release planning

SCHULICH SCHOOL OF LAW – DALHOUSIE UNIVERSITY INDIGENOUS BLACKS & MI'KMAQ INITIATIVE

$78,000 PROGRAM ACTIVITIES 2010 – 2011
PROFESSOR MICHELLE WILLIAMS, DIRECTOR

An initiative to increase the representation of Indigenous Blacks & Mi'kmaq people in the legal profession

SCHULICH SCHOOL OF LAW – DALHOUSIE UNIVERSITY DALHOUSIE LEGAL AID SERVICE

$148,130 PROGRAM ACTIVITIES 2010 – 2011
DONNA FRANEY, EXECUTIVE DIRECTOR

Legal services (family & administrative law, young offenders), community development & law reform (public housing, violence against women, social assistance) & an educational experience for 3rd year law students

EAST COAST ENVIRONMENTAL LAW ASSOCIATION

$63,750 PROGRAM ACTIVITIES 2010 – 2011
DEBORAH CARVER, EXECUTIVE DIRECTOR

Collaboration among students, academics & practitioners to provide information regarding environmental laws to individuals & organizations; research & advice on improving environmental laws that affect this region

EPIC SOCIETY

$65,600 YOUTH PEER & PARENTS PEACE PROGRAMS
BARRY WALDMAN, SUPERVISOR

After school programs for youth in conflict with the law & support for parents

GRANTS AWARDED IN 2009 – 2010

ELIZABETH FRY SOCIETY CAPE BRETON

$87,790 PROGRAM ACTIVITIES 2010 – 2011
DARLENE MACEACHERN,
EXECUTIVE DIRECTOR

Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education

ELIZABETH FRY SOCIETY MAINLAND NOVA SCOTIA

$67,240 PROGRAM ACTIVITIES 2010 – 2011
JEANETTE MILLEY, ACTING
EXECUTIVE DIRECTOR

Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education

HALIFAX REFUGEE CLINIC

$139,562 PROGRAM ACTIVITIES 2010 – 2011
JULIE CHAMPAGNE, EXECUTIVE DIRECTOR

A legal clinic to assist financially eligible refugee claimants before the Immigration & Refugee Board & in related matters

KING'S COUNTY SENIORS' SAFETY PROGRAM SOCIETY

$26,000 PROGRAM ACTIVITIES 2010 – 2011
LISA GARAND, CHAIR

A program to provide legal, safety & security information on an individual & group basis to seniors in King's County

LAW REFORM COMMISSION OF NOVA SCOTIA

$142,325 PROGRAM ACTIVITIES 2010 – 2011
JOHN BRIGGS, EXECUTIVE DIRECTOR

Review of provincial laws & recommendations for improvement, modernization & reform

LEAVE OUT VIOLENCE (LOVE)

$16,400 LEADERSHIP OUTREACH PROGRAM
SARAH MACLAREN, EXECUTIVE DIRECTOR

Youth who have experienced violence are trained to become educators about the root causes, effects & alternatives to violent behaviour

LEGAL INFORMATION SOCIETY OF NOVA SCOTIA

$133,000 PROGRAM ACTIVITIES 2010 – 2011
MARIA FRANKS, EXECUTIVE DIRECTOR

Programs provide Nova Scotians with access to legal information & resources to enable them to answer their questions about the law and begin to address their legal issues

MAINLINE NEEDLE EXCHANGE

$46,498 COMMUNITY BASED LEGAL SUPPORT & EDUCATION PROGRAM
DIANE BAILEY, PROGRAM DIRECTOR

A legal education program for drug users & service providers; legal assistance for drug users in court & correctional institutions

PRO BONO STUDENTS CANADA AT DALHOUSIE

$18,996 PROGRAM ACTIVITIES 2010 – 2011
JESSICA CHAPMAN/TERESA-ANNE MARTIN, STUDENT COORDINATORS

Law students volunteer their time to provide legal services to public interest community organizations

REACHABILITY

$40,274 PERSONS WITH DISABILITIES LEGAL SERVICES
TOVA SHERMAN, EXECUTIVE DIRECTOR

Access to legal services & plain language information for persons with disabilities across Nova Scotia

SOCIETY OF DEAF & HARD OF HEARING NOVA SCOTIANS

$4,000 ACCESS PROJECT –
THE LEGAL SYSTEM
FRANK O'SULLIVAN, EXECUTIVE DIRECTOR

Sign-language interpreter services within legal settings not otherwise eligible for funding such as arbitrations, consultations with private lawyers & certain court cases

STEPPING STONE ASSOCIATION

$38,930 TIPPING THE SCALES
RENE ROSS, EXECUTIVE DIRECTOR

Court support & assistance for current or former sex trade workers; workshops for sex trade workers and the legal community; community education

GRANTS AWARDED IN 2009 – 2010

TEARMANN SOCIETY FOR BATTERED WOMEN & PICTOU COUNTY OPPORTUNITIES FOR MEN (NEW LEAF)

$26,752 PUBLIC EDUCATION:
VIOLENCE AGAINST WOMEN
KAREN O'HARA, EXECUTIVE DIRECTOR (TEARMANN)
ROBERT WHITMAN, EXECUTIVE DIRECTOR (NEW LEAF)

Education sessions & referral services for junior & senior high school students to prevent violence against women

TRI-COUNTY COMMUNITY JUSTICE SOCIETY

$23,237 BRINGING RESTORATIVE JUSTICE TO SCHOOLS
TANYA BAIN, EXECUTIVE DIRECTOR

A pilot project to test a school-based disciplinary program using restorative justice methods & principles

VALLEY RESTORATIVE JUSTICE

$37,576 CRIME PREVENTION EDUCATION WORKSHOPS
MARGE DEBODT, DIRECTOR

Educational workshops for at-risk youth regarding shoplifting, substance abuse, the law & the needs of victims

Total Grants Awarded $1,595,192

GRANT BALANCES REPAID AND UNDISBURSED

Kaposy/Downie – Judicial Reasoning – Reproductive Choices Balance of 2008 – 2009 project grant repaid	5,005.19
N.S. Pro Bono Feasibility Study Balance of 2008 – 2009 special initiative grant repaid	9,639.80
East Coast Environmental Law Association Balance of 2008 – 2009 continuing program grant repaid	7,183.51
N.S. Legal Archives Working Group Balance of 2007 – 2008 project grant repaid	1,654.08
I B & M Initiative Undisbursed balance of 2009 – 2010 continuing program grant	78,000.00

LAW FOUNDATION OF NOVA SCOTIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2010

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AUDITORS' REPORT

To The Board of the Law Foundation of Nova Scotia

We have audited the statement of financial position of the Law Foundation of Nova Scotia as at March 31, 2010 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Law Foundation of Nova Scotia derives substantially all of its revenue from interest credited by financial institutions on Nova Scotia Barristers' Society members' mixed trust funds which is not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts received from financial institutions and recorded in the records of the Law Foundation of Nova Scotia.

In our opinion, except for the effect of the adjustments, if any, had interest credited by financial institutions been susceptible to complete audit verification, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations, changes in fund balances and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

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CHARTERED ACCOUNTANTS

Bedford, Nova Scotia

April 22, 2010

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LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2010

	2010	2009
	$	$
ASSETS		
CURRENT ASSETS		
Cash	545,431	486,454
Accrued interest receivable - general	5,863	26,067
Accrued interest receivable - restricted	16,697	15,937
Due from Law Foundation of Nova Scotia Scholarship Fund	6,050	-
Prepaid expenses	3,481	3,481
Current portion of investments - general (note 4)	700,000	-
	1,277,522	531,939
INVESTMENTS - GENERAL (note 4)	466,542	2,124,236
INVESTMENTS - RESTRICTED (note 5)	4,110,962	3,901,321
PROPERTY, PLANT AND EQUIPMENT (note 6)	9,713	11,679
	5,864,739	6,569,175
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	7,141	7,434
Designated grants payable (note 7)	1,596,423	1,949,248
Due to Law Foundation of Nova Scotia Scholarship Fund	-	504
	1,603,564	1,957,186
FUND BALANCES		
GENERAL FUND	133,516	694,731
RESTRICTED FUND	4,127,659	3,917,258
	4,261,175	4,611,989
	5,864,739	6,569,175

COMMITMENT (note 8)

APPROVED ON BEHALF OF THE BOARD

Board Member

Board Member

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LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF OPERATIONS AND CHANGES IN GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
	$	$
REVENUE		
Interest on trust accounts	331,560	2,022,317
Interest on investments	64,360	120,465
Realized gain (loss) on disposal of investments	23,786	(6,862)
Unrealized (loss) gain on investments	(9,490)	1,364
	410,216	2,137,284
GRANTS (note 7)	1,493,709	1,876,559
	(1,083,493)	260,725
EXPENDITURES		
Salaries and benefits	111,139	111,503
Accounting and audit	14,690	16,159
Rent and common area	17,395	13,231
Office	9,007	8,887
Telephone	1,647	2,485
Consulting	153	2,433
Travel and meetings - board	4,660	3,024
Travel - staff and chair	5,893	9,258
Bank charges	791	714
Brokers' and investment management fees	6,100	10,645
Miscellaneous	1,561	725
Amortization	2,816	3,585
Director's insurance	1,870	1,869
	177,722	184,518
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,261,215)	76,207
GENERAL FUND- beginning of year	694,731	618,524
TRANSFER FROM RESTRICTED FUND (note 10)	700,000	-
GENERAL FUND - end of year	133,516	694,731

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LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF OPERATIONS AND CHANGES IN RESTRICTED FUND

FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
	$	$
REVENUE		
Interest on investments	63,662	98,004
Dividend income	87,365	64,855
Realized loss on disposal of investments	(233,082)	(102,656)
Unrealized gain (loss) on investments	1,049,189	(861,546)
	967,134	(801,343)
EXPENDITURES		
Brokers' and investment management fees	55,145	49,743
Foreign exchange loss (gain)	1,588	(1,659)
	56,733	48,084
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	910,401	(849,427)
RESTRICTED FUND - beginning of year	3,917,258	4,766,685
TRANSFER TO GENERAL FUND (note 10)	(700,000)	-
RESTRICTED FUND - end of year	4,127,659	3,917,258

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LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	(350,814)	(773,220)
Items in earnings not involving cash		
Amortization	2,816	3,585
Realized (gain) loss on disposal of investments - general	(23,786)	6,862
Realized loss on disposal of investments - restricted	233,082	102,656
Unrealized loss (gain) on investments - general	9,490	(1,364)
Unrealized (gain) loss on investments - restricted	(1,049,189)	861,546
	(1,178,401)	200,065
Change in noncash working capital balances		
Accrued interest receivable - general	20,204	(5,745)
Accrued interest receivable - restricted	(760)	8,310
Advances (to) from Law Foundation of Nova Scotia Scholarship Fund	(6,554)	29,876
Prepaid expenses	-	(209)
Accounts payable and accrued liabilities	(293)	(475)
Designated grants payable	(352,825)	(561,491)
	(1,518,629)	(329,669)
CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES		
Investments - General		
Purchase of investments	(141,072)	(847,648)
Proceeds on disposal of investments	1,726,088	670,881
Investments - Restricted		
Purchase of investments	(1,886,903)	(2,128,731)
Proceeds on disposal of investments	1,811,221	1,915,478
Acquisition of property, plant and equipment	(850)	(986)
	1,508,484	(391,006)
CHANGE IN CASH DURING THE YEAR	(10,145)	(720,675)
CASH - beginning of year	743,588	1,464,263
CASH - end of year	733,443	743,588

NOTE:

CASH

Cash is comprised of the following items at year end:

	2010	2009
	$	$
Cash	545,431	486,454
Cash - investments - general (note 4)	7,121	94,095
Cash - investments - restricted (note 5)	180,891	163,039
	733,443	743,588

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LAW FOUNDATION OF NOVA SCOTIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2010

1. DESCRIPTION OF OPERATIONS

The Law Foundation was established in 1976 by a Nova Scotia statute and is exempt from income tax. Its purpose is to grant funds to groups for projects connected with the law.

2. SIGNIFICANT ACCOUNTING POLICIES

Investments - General
The investments in the general fund consist of fixed income funds. They have been classified as held for trading investments which are recorded at their quoted market price. Any adjustments recorded on these investments are recorded through the statement of operations for the general fund.

Investments - Restricted
The investments in the restricted fund, that have been restricted by the Foundation's Board, consist of fixed income funds and equities. They have been classified as held for trading investments which are recorded at their quoted market price. Any adjustments recorded on these investments are recorded through the statement of operations for the restricted fund.

Revenue Recognition
Interest on trust accounts is recorded on a cash basis when received. Interest on investments is recorded on the accrual basis. Dividend income is recorded on a cash basis when received.

Property, Plant and Equipment
Property, plant and equipment are stated at cost. Amortization is provided using the following annual rates and methods:

	Rate	Method
Office equipment	20%	Diminishing balance
Furniture and fixtures	20%	Diminishing balance
Computer hardware	3 years	Straight line
Computer software	3 years	Straight line

Fund Accounting
The Board has internally restricted funds to finance future operations of the Foundation. The net investment income earned on these assets is recorded in the restricted fund.

The general fund accounts for the Foundation's day-to-day activities which include the interest income on lawyers' trust accounts, the interest income on the investments, less grants approved and paid, and the administrative expenses from running the Foundation.

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3. FINANCIAL INSTRUMENTS

Fair Values
The Foundation's financial instruments consist of cash, accrued interest receivable, the balance due from the Law Foundation of Nova Scotia Scholarship Fund, investments, accounts payable and accrued liabilities and designated grants payable.

The fair values of cash, accrued interest receivable, the balance due from the Law Foundation of Nova Scotia Scholarship Fund, accounts payable and accrued liabilities and designated grants payable are approximately equal to their carrying value due to their short-term maturity dates.

The investments are recorded at fair market value as these values are readily available. Any adjustments recorded on these investments are recorded through the statements of operations.

Market Risk
The Foundation is exposed to interest rate risk on its fixed-interest financial instruments and the interest revenue from the Trust accounts that have variable-interest based on prime. Fixed-interest instruments subject the Foundation to a fair value risk while the variable-interest income stream subjects the Foundation to a cash flow risk.

4. INVESTMENTS - GENERAL

At March 31, 2010, the Foundation's investments held in the general fund are comprised of the following:

	2010	2009
	$	$
Fixed income funds (cost -$455,366; 2009 - $2,016,596)	459,421	2,030,141
Cash	7,121	94,095
	466,542	2,124,236
Approved transfer from restricted fund (note 10)	700,000	-
	1,166,542	2,124,236
Less: current portion	700,000	-
	466,542	2,124,236

It is the Board's intention to redeem $700,000 of investments in the general fund in the upcoming fiscal year and, accordingly, these investments have been classified as current.

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4. INVESTMENTS - GENERAL (continued)

At March 31, 2010, the Foundation's fixed income investments held in the general fund are comprised of the following:

	2010
	$
Province of Ontario - due November 19, 2010 with yield to maturity of 6.10% and face value of $38,000	39,255
RBC Capital Trust II - call and due June 30, 2011 with yield to maturity of 7.18% and a face value of $21,000	22,282
Province of British Columbia - due January 9, 2012 with yield to maturity of 5.75% and face value of $40,000	42,788
Hydro One Inc. Medium Term Note - due November 15, 2012 with yield to maturity of 5.77% and a face value of $22,000	23,770
Government of Canada - due June 1, 2013 with yield to maturity of 5.25% and face value of $22,000	23,920
Scotiabank Capital Trust - due June 30, 2013 with yield to maturity of 6.28% and a face value of $23,000	25,012
Province of Ontario - due March 8, 2014 with yield to maturity of 5.00% and a face value of $47,000	50,526
Thomson Reuters Corporation - due December 1, 2014 with yield to maturity of 5.20% and a face value of $19,000	20,422
GE Capital Canada Funding - due February 11, 2015 with yield to maturity of 4.65% and a face value of $22,000	23,001
Wells Fargo Financial Canada Corp - due June 30, 2015 with yield to maturity of 4.38% and face value of $19,000	19,547

4. **INVESTMENTS - GENERAL** (continued)

	2010
	$
Province of Ontario - due March 8, 2016 with yield to maturity of 4.40% and a face value of $17,000	17,795
Province of Quebec - due December 1, 2016 with yield to maturity of 4.50% and a face value of $22,000	23,020
Province of Quebec - due December 1, 2017 with yield to maturity of 4.50% and a face value of $24,000	24,862
Government of Canada - due June 1, 2018 with yield to maturity of 4.25% and face value of $39,000	41,169
Canada Housing Trust No. 1 - due December 15, 2018 with yield to maturity of 4.10% and face value of $22,000	22,515
Government of Canada - due June 1, 2019 with yield to maturity of 3.75% and face value of $18,000	18,252
BMO Capital Trust - call June 30, 2010, due December 31, 2049 with yield to maturity of 6.90% and face value of $21,000	21,285
	459,421

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5. INVESTMENTS - RESTRICTED

The Foundation has internally restricted funds totaling $4,127,659 (2009 - $3,917,258) for the purpose of covering continuing commitments should the Foundation not have sufficient resources to maintain its future grants. This amount includes accrued interest receivable of $16,697 (2009 - $15,937).

	2010	2009
	$	$
Equities (cost - $2,977,815; 2009 - $3,199,456)	3,319,321	2,494,515
Fixed income funds (cost - $1,298,092; 2009 - $1,233,851)	1,310,750	1,243,767
Cash	180,891	163,039
	4,810,962	3,901,321
Less approved transfer to general fund (note 10)	(700,000)	-
	4,110,962	3,901,321

At March 31, 2010, the Foundation's fixed income investments held in the restricted fund are comprised of the following:

	2010
	$
Province of Ontario - due November 19, 2010 with yield to maturity of 6.10% and face value of $109,000	112,599
RBC Capital Trust II - call and due June 30, 2011 with yield to maturity of 7.18% and face value of $61,000	64,722
Province of British Columbia - due January 9, 2012 with yield to maturity of 5.75% and face value of $113,000	120,877
Hydro One Inc. Medium Term Note - due November 15, 2012 with yield to maturity of 5.77% and face value of $64,000	69,151
Government of Canada - due June 1, 2013 with yield to maturity of 5.25% and face value of $64,000	69,586

5. INVESTMENTS - RESTRICTED (continued)

	2010
	$
Scotiabank Capital Trust - due June 30, 2013 with yield to maturity of 6.28% and face value of $65,000	70,687
Province of Ontario - due March 8, 2014 with yield to maturity of 5.00% and face value of $132,000	141,904
Thomson Reuters Corporation - due December 1, 2014 with yield to maturity of 5.20% and face value of $53,000	56,967
GE Capital Canada Funding - due February 11, 2015 with yield to maturity of 4.65% and face value of $64,000	66,913
Wells Fargo Financial Canada Corp - due June 30, 2015 with yield to maturity of 4.38% and face value of $54,000	55,555
Province of Ontario - due March 8, 2016 with yield to maturity of 4.40% and face value of $48,000	50,245
Province of Quebec - due December 1, 2016 with yield to maturity of 4.50% and face value of $62,000	64,874
Province of Quebec - due December 1, 2017 with yield to maturity of 4.50% and face value of $67,000	69,406
Government of Canada - due June 1, 2018 with yield to maturity of 4.25% and face value of $112,000	118,228
Canada Housing Trust No.1 - due December 15, 2018 with yield to maturity of 4.10% and face value of $64,000	65,498
Government of Canada - due June 1, 2019 with yield to maturity of 3.75% and face value of $52,000	52,728
BMO Capital Trust - call June 30, 2010, due December 31, 2049 with yield to maturity of 6.90% and face value of $60,000	60,810
	1,310,750

6. PROPERTY, PLANT AND EQUIPMENT

	2010			2009
	Cost	Accumulated Amortization	Net	Net
	$	$	$	$
Office equipment	30,718	24,646	6,072	7,590
Furniture and fixtures	8,769	6,023	2,746	3,432
Computer hardware	11,559	10,664	895	657
Computer software	5,225	5,225	-	-
	56,271	46,558	9,713	11,679

7. DESIGNATED GRANTS

The Board approved grants totaling $1,595,192 (2009 - $1,931,328) less $101,483 (2009 - $54,769) of grants revoked or repaid, for a net of $1,493,709, during the year ended March 31, 2010 (2009 - $1,876,559). Grants that have been approved but remain unpaid at year end are reported as current liabilities.

8. COMMITMENT

The Foundation rents its premises under a long-term lease which expires June 30, 2014. The annual base rental for this lease is $7,887 plus HST and common area costs. The estimated total common area costs for the upcoming fiscal year are $11,000.

9. CAPITAL DISCLOSURES

The Foundation's capital is comprised of the general and restricted fund balances. The restricted fund balance is an internally restricted fund which will be used to finance future operations of the Foundation. The Foundation's objectives when managing capital are to ensure the funds received are invested in such a manner that will sustain future grant payments regardless of the economic conditions in the marketplace. Furthermore, cash and investments are managed to ensure the financial obligations and objectives of the Foundation are met.

10. INTERFUND TRANSFERS

During the year, the Board approved a transfer of $700,000 between the restricted and general fund. At March 31, 2010, the $700,000 had not been physically transferred to the general fund account, as detailed in notes 4 and 5. During the prior year, there were no transfers between these funds.

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